

Montana FWP Tract Located in McLean County, North Dakota
Township 150 North, Range 91 West
Section 6: An undivided 8% interest in Lots 4, 5, E2SW4

Participating Status of the Proposed Lease

The operator (WPX) previously drilled four wells and is planning to drill an additional four wells in the near future.

See [Full Development Map](#) located under *Additional Information*

Initial Four Wells

Peterson 6-5-4HQ, Peterson 6-5-4HD, Peterson 6-5-4HC, Peterson 6-5-4HZL

These wells have not yet been completed. The State received election letters for these four wells in late August, 2015. We do not have funding available to pay our share of the AFE costs, and therefore had to elect not to participate. Because the tract was unleased at the time of the election, only the 50% risk penalty applies. WPX concurs with this application of the North Dakota risk statute. The lessee for this lease is therefore subject to a 50% risk penalty on these first four wells.

See [Election Letters and AFEs](#) located under *Additional Information*
for these initial four wells

Second Four Wells

N Segment 6-5-4HA, N Segment 6-5-4HW, N Segment 6-5-4HB, N Segment 6-5-4HY

WPX has advised that they will be sending election letters and AFEs in the near future, possibly before the December 1st lease auction. Regardless of when WPX sends the election letters, the lessee for this lease will have the opportunity to choose whether to participate. The following special provision has been added to the lease to document this aspect of the lease:

“The following four wells have been drilled and completed in the spacing unit and the lessee’s interest in these four wells is subject to a 50% risk penalty pursuant to NDCC 38-08-08.3.b: Peterson 6-5-4HQ, Peterson 6-5-4HD, Peterson 6-5-4HC, and Peterson 6-5-4HZL.

The Department may receive election-to-participate notices for the following four proposed wells prior to the issuance of this lease: North Segment 6-5-4HA, North Segment 6-5-4HW, North Segment 6-5-4HB, and North Segment 6-5-4HY. If received, the lessee shall elect whether to participate in the drilling operations for any or all of the proposed wells by December 18, 2015, or within 30 days of the Department’s receipt of election notices, whichever is later.”